

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 842

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. CSSB 81 (FIN)

Revision Date: 4/16/91  
 Title: Establishing DNR as platting authority  
 Sponsor: Senator Fahrenkamp  
 Requestor: \_\_\_\_\_

Department Affected: DEC  
 BRU: Environmental Quality  
 Component: EQ Projects

COMPONENT SERIAL NO. 

1	1	0	1	1	6
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Janice Adair  
 Division: Commissioner's Office

Phone: 465-2600  
 Date: 4/16/91

Approved by Commissioner: *Arvid Feiler*  
 Agency: Department of Environmental Conservation

Date: 4/18/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

SB89

# SENATE FINANCE COMMITTEE REPORT

DATE: 1/25/91

FURTHER:

DATE TURNED INTO OFFICE: \_\_\_\_\_

The Finance Committee considered SB 89

Requiring the legislative council to provide toll-free phone service to reach members of the legislature.

*Died in SFC.*

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_
- or adopt \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- \_\_\_\_\_ letter of intent adopted

- same title
- new title
- technical title change (HB only)

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal note(s) Dept/Date: \_\_\_\_\_  
\_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

**APPROVES PREVIOUS:**

- fiscal note(s) Dept/Date: \_\_\_\_\_  
\_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

- appropriation-no fiscal note

**SIGNING DO PASS:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

1. \_\_\_\_\_ 2. \_\_\_\_\_  
 Co-Chairs: Signatures and Recommendations

SENATE BILL NO. 89  
 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR RODEY

Introduced: 1/25/91  
 Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act requiring the legislative council to provide toll-free phone service to reach  
 2 members of the legislature."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 \* Section 1. AS 24.20.061 is amended to read:

5       Sec. 24.20.061. ADMINISTRATIVE SERVICES FOR LEGISLATURE. All  
 6 administrative services necessary to the operation of the legislature during and between sessions  
 7 are provided by the legislative council. These services include

8               (1) procurement, storage, and maintenance of all supplies and equipment;

9               (2) interim control of legislative space;

10              (3) fiscal and personnel services except for the legislative budget and audit  
 11 committee;

12              (4) supervision of duplicating, distributing and mailing services;

13              (5) [AND] budget preparation; and

14              (6) provision of a toll-free telephone service so that people in the state can

1 telephone legislators who are in Juneau during the legislative session without incurring a  
2 long distance charge.

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO: SB 89

Revision Date: \_\_\_\_\_  
Title: "An Act requiring the legislative council  
to provide toll-free phone service to reach members..."  
Sponsor: Senator Rodey  
Requestor: Senator Rodey

Department Affected: Legislative Affairs Agency  
BRU: Legislative Council

Component: Public Services

COMPONENT SERIAL NO: 779

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	14.8	14.8	14.8	14.8	14.8	14.8
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	28.3	28.3	28.3	28.3	28.3	28.3
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>43.1</b>	<b>43.1</b>	<b>43.1</b>	<b>43.1</b>	<b>43.1</b>	<b>43.1</b>

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	43.1	43.1	43.1	43.1	43.1	43.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>43.1</b>	<b>43.1</b>	<b>43.1</b>	<b>43.1</b>	<b>43.1</b>	<b>43.1</b>

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	1	1	1	1	1	1
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary)

It is anticipated an Information Assistant in the Division of Public Services would handle all incoming calls from around the State. The calls would be transferred to the appropriate legislator. A Range 10A Information Assistant is requested for 5 months (\$2001 month x 5 months x .2707 benefits + \$2,113 health insurance).

One toll free number at the cost of \$28.20 to install plus monthly charge of \$23.65. Long distance charges estimated at \$5,000 monthly x 4 months, \$1,000 x 8 months.

Prepared By: Pamela A. Stoops, Director  
Division: Administrative Services

*Pamela A. Stoops*

Phone: 465-3850  
Date: 2/22/91

Approved By: Warren W. Endicott, Executive Director  
Agency: Legislative Affairs Agency

*Warren W. Endicott*

Date: 2/22/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HISTORY IN THE SENATE

HISTORY IN THE HOUSE

1997  
 1/25

Read first time and referred to:  
Finance

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\_\_\_\_\_ RPT(\_\_\_\_) CS \_\_\_\_ DP \_\_\_\_ NR \_\_\_\_ DNP \_\_\_\_ AM  
 \_\_\_\_\_ New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
 \_\_\_\_\_ FN \_\_\_\_ OFN \_\_\_\_\_ To \_\_\_\_\_

\_\_\_\_\_ RPT(\_\_\_\_) CS \_\_\_\_ DP \_\_\_\_ NR \_\_\_\_ DNP \_\_\_\_ AM  
 \_\_\_\_\_ New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
 \_\_\_\_\_ FN \_\_\_\_ OFN \_\_\_\_\_ To \_\_\_\_\_

\_\_\_\_\_ RPT(\_\_\_\_) CS \_\_\_\_ DP \_\_\_\_ NR \_\_\_\_ DNP \_\_\_\_ AM  
 \_\_\_\_\_ New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
 \_\_\_\_\_ FN \_\_\_\_ OFN \_\_\_\_\_ To \_\_\_\_\_

\_\_\_\_\_ Rules Calendar(\_\_\_\_) CS \_\_\_\_ AM \_\_\_\_ Other  
 \_\_\_\_\_ New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
 \_\_\_\_\_ FN \_\_\_\_ OFN \_\_\_\_\_

Read second time

\_\_\_\_\_ CS Adopted (\_\_\_\_) \_\_\_\_\_ New Title  
 \_\_\_\_\_ Amended \_\_\_\_\_ Advanced

Read third time

\_\_\_\_\_ Letter of Intent adopted  
 \_\_\_\_\_ Return to second for specific amendment

PASSED EFD Same \_\_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

Reconsideration  
 Reconsideration not taken up

PASSED EFD Same \_\_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

Reported correctly engrossed  
 Signed by President, to House

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Secretary of the Senate

19

Read first time and referred to:

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\_\_\_\_\_ RPT CS( ) \_\_\_\_\_ New Title  
 \_\_\_\_\_ DP \_\_\_\_\_ DNP \_\_\_\_\_ NR \_\_\_\_\_ AM  
 \_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ Previous FN

\_\_\_\_\_ RPT CS( ) \_\_\_\_\_ New Title  
 \_\_\_\_\_ DP \_\_\_\_\_ DNP \_\_\_\_\_ NR \_\_\_\_\_ AM  
 \_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ Previous FN

\_\_\_\_\_ RPT CS( ) \_\_\_\_\_ New Title  
 \_\_\_\_\_ DP \_\_\_\_\_ DNP \_\_\_\_\_ NR \_\_\_\_\_ AM  
 \_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ Previous FN

Read second time  
 CS( ) Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED EFD Same \_\_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

\_\_\_\_\_ Intent adopted

Reconsideration  
 Reconsideration not taken up

PASSED ON RECON. EFD Same \_\_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

\_\_\_\_\_ Intent adopted

Reported correctly engrossed, signed by the Speaker  
 and returned to the Senate

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Chief Clerk of the House

SENATE-HOUSE HISTORY Continued

19

Received from the House  
Version: \_\_\_\_\_

Concur in House amendment  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_  
\_\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

Failed to concur in House amendment, ask House recede  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

House failed to / receded from amendment  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

CC appointed by Senate \_\_\_\_\_ Chair  
\_\_\_\_\_

CC appointed by House \_\_\_\_\_ Chair  
\_\_\_\_\_

(S) Granted Limited Powers of Free Conference

(H) Granted Limited Powers of Free Conference

19

(S) Adopted CC Rpt \_\_\_\_\_  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_  
\_\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

(H) Adopted CC Rpt \_\_\_\_\_  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_  
\_\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

To enrolling  
Received from enrolling  
Sent to Governor

\_\_\_\_\_ By Governor

Chapter Number \_\_\_\_\_

Filed with Lieutenant Governor

SB 92

# HOUSE COMMITTEE REPORT

(11) ..

Date Referred: May 15, 1991

FURTHER REFERRALS:

Date of Committee Action: 5/17/91

The FINANCE Committee considered:

CSSB 92(FIN)

CS FOR SENATE BILL NO. 92 (FINANCE)

LOANS SECURED BY LIMITED ENTRY PERMITS

"An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank and to the use of limited entry permits as security for those loans; and providing for an effective date."

**RECOMMENDATIONS:**

be replaced with \_\_\_\_\_  the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Duse)

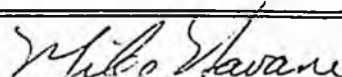
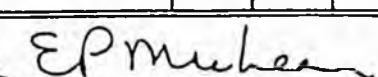
fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note \_\_\_\_\_

2- zero fiscal note(s) DCED 3/27/91 ACF:9 5/17/91

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
EP member <u>Maclean</u>	<input checked="" type="checkbox"/>	<u>Maclean</u> <u>Kimman</u>		<input checked="" type="checkbox"/>	
Mike Havane <u>Navarre</u>	<input checked="" type="checkbox"/>	<u>George Fisher</u> <u>IACKO</u>		<input checked="" type="checkbox"/>	
Ma. VOBOY <u>Bay</u>		<u>Samana Barnes</u> <u>Barnes</u>		<input checked="" type="checkbox"/>	
Jan Brown <u>Brown</u>	<input checked="" type="checkbox"/>	<u>Bert</u> <u>Thompson</u>		<input checked="" type="checkbox"/>	
<u>Ullmer</u>		<u>Phillip</u>		<input checked="" type="checkbox"/>	
		<u>Wason</u>		<input checked="" type="checkbox"/>	


  
 CHAIRMAN'S SIGNATURE  
 MACLEAN

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

NO. \_\_\_\_\_

Version: SB 92

(b) Publish Date: 3/27/91

Revision Date: \_\_\_\_\_

Department Affected: Commerce/Econ Dev.

Title: An Act relating to the lending authority and loans of CFAB

BRU: Banking, Securities & Corporations

Sponsor: Sen. Zharoff

Component: Banking & Securities

Requestor: \_\_\_\_\_

COMPONENT SERIAL NO. 

1	2	3	3
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Willis F. Kirkpatrick, Director Phone: 465-2521

Division: Banking, Securities & Corporations Date: 3/26/91

Approved by Commissioner: Glenn A. Olds Asst Comm

Agency: Department of Commerce & Economic Development Date: 3-26-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

No. 2  
Bill Version: CSSB 92 (FIN)

Revision Date: 3/13/91  
Title: Loans Secured by Limited Entry Permits

Department Affected: F (S) Publish Date: 5/13/91  
BRU: Commercial Fisheries  
Component: Commercial Fisheries

Sponsor: Sen. Zharoff  
Requestor: Governor

COMPONENT SERIAL NO. 

	4	5	9
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Bob Clasby Phone: 465-4210

Division: Commercial Fisheries Date: 3/13/90

Approved by Commissioner: RON SEMMILLER Agency: ADF&G Date: 3/25/91

Distribution (by preparer): Let Changes in CSSB 92 have no fiscal impact. This fiscal note is appropriate. Investor, OMB, & Impacted Agency(ies).

CS FOR SENATE BILL NO. 92 (FINANCE)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/13/91  
Referred: Rules

Sponsor(s): SENATORS ZHAROFF, Sturgulewski, Hoffman

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the lending authority and loans of the Commercial Fishing and  
2 Agriculture Bank and to the use of limited entry permits as security for those loans; and  
3 providing for an effective date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 \* Section 1. AS 16.43.150(g) is amended to read:

6 (g) Except as provided in AS 16.10.333 - 16.10.337, AS 44.81.210, 44.81.225, and  
7 44.81.230 - 44.81.250, an entry permit may not be

8 (1) pledged, mortgaged, leased, or encumbered in any way;

9 (2) transferred with any retained right of repossession or foreclosure, or on any  
10 condition requiring a subsequent transfer; or

11 (3) attached, distrained, or sold on execution of judgment or under any other  
12 process or order of any court.

13 \* Sec. 2. AS 44.81 is amended by adding a new section to read:

14 Sec. 44.81.225. SMALL LOANS. (a) To facilitate the development of commercial

1 fisheries in geographic areas in which factors such as geographic considerations, uncertainties of  
2 communication, or limited demands do not encourage normal lending activities, the bank may  
3 make small loans to qualified borrowers who are not members of the bank.

4 (b) The provisions of this chapter apply to loans authorized by this section except that

5 (1) the borrower is not required to be a member of the bank at the time the loan  
6 is approved; and

7 (2) the principal amount of the portion of the loan made by the bank may not  
8 exceed \$25,000.

9 (c) The total amount of money that may be loaned under this section may not exceed  
10 eight percent of the total capital of the bank.

11 (d) To service loans made under this section, the bank may contract or make other  
12 arrangements with a public agency or with a legal entity that the bank determines to be  
13 responsible and competent to administer the loan.

14 \* Sec. 3. AS 44.81.230(a) is amended to read:

15 (a) A loan under AS 44.81.210(a)(20) or 44.81.225 for the purchase of a limited entry  
16 permit may be made only upon certification by the commission that the fisherman is a person  
17 who qualifies as a transferee for the permit under AS 16.43 and the regulations adopted by the  
18 commission.

19 \* Sec. 4. AS 44.81.230(b) is amended to read:

20 (b) Upon approval by the bank, a [THE] permit [TO BE PURCHASED] may be pledged  
21 as security for a loan made under (a) of this section, AS 44.81.225, or 44.81.235 [,] if

22 (1) the certificate for the pledged permit lists the bank as the legal owner of the  
23 permit;

24 (2) the certificate for the pledged permit lists the debtor as the equitable owner  
25 of the permit;

26 (3) all annual permit cards issued under the pledged permit list the name of the  
27 debtor;

28 (4) all obligations and responsibilities of a permit owner are assumed by the  
29 debtor;

30 (5) co-signers or other sureties for performance under the note are not vested with  
31 any rights in the pledged permit and their obligation is limited to satisfaction of the note and

1 payment of costs directly incurred by the bank in administering the loan.

2 \* Sec. 5. AS 44.81.230(f) is amended to read:

3 (f) In anticipation of possible foreclosure on an entry permit under AS 44.81.250, the  
4 debtor may nominate a person to assume a note for a loan made [GIVEN] under  
5 AS 44.81.210(a)(20), 44.81.225, or 44.81.235. If the person nominated qualifies under (a) of this  
6 section at the time of the foreclosure, the person may assume all rights and liabilities of the  
7 debtor in the event the bank forecloses on the entry permit.

8 \* Sec. 6. AS 44.81.250(d) is amended to read:

9 (d) Nothing in this section affects the right of the bank to institute legal action for a  
10 deficiency resulting from a default on a note for a loan made [GIVEN] under  
11 AS 44.81.210(a)(20), 44.81.225, [OR] 44.81.230, or 44.81.235. In addition to any deficiency,  
12 the debtor is liable for the costs of administering the note and for costs and attorney fees.

13 \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).



## SENATOR FRED F. ZHAROFF

### ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:


P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 485-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIIBLOF ISLANDS • SHUMAGIN ISLANDS

#### MEMORANDUM

TO: Representative Mike Navarre  
Co-Chair  
Representative Eileen MacLean  
Co-Chair  
House Finance Committee

FROM: Senator Fred F. Zharoff 

DATE: May 15, 1991

RE: CS For Senate Bill 92 (Finance) - "An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank and to the use of limited entry permits as security for those loans; and providing for an effective date."

CSSB 92 is the Senate companion bill and an identical version of CSHB 111. CSHB 111 -- introduced by Rep. Mike Navarre -- moved out of the House Finance Committee on May 10 and is now in the House Rules Committee.

CSSB 92 has a zero fiscal note.

Both CSSB 92 and CSHB 111 would allow the Alaska Commercial Fishing and Agriculture Bank (CFAB) to develop a small loan program specifically targeted at rural commercial fishermen.

CFAB is a cooperative lending institution that was created by the Alaska Legislature in 1978 to serve Alaska's commercial fishing and agriculture industries. In recently evaluating CFAB's effectiveness, the officers concluded the institution was not doing as good a job as it could in Western Alaska and the Arctic-Yukon-Kuskokwim area. The commercial fishermen in these regions generally are engaged in relatively low income fisheries in which a relatively small capital investment is required for participation.

Financing for these fisheries operations, in general, has been difficult to obtain because of the regions' remoteness (all business must be transacted by phone or mail), language difficulties, less exposure to financial systems and institutions, the fishermen's lack of alternate income, and the annual fluctuations in salmon returns and income.

To serve these people, CFAB plans to start a program for small loans of less than \$25,000. CFAB envisions establishing relationships with rural businesses and agencies (village corporations, Native associations, etc.) for originating and servicing these small loans.

CFAB could set up the program for small loans without legislation. The program is included in the bill so the legislature will have a full understanding of what is being proposed. The operative change CFAB requires in statute to go forward with its plans is in (b)(1) of Section 1, an exemption from CFAB's membership requirement.

As a cooperative, CFAB requires its borrowers to become members/owners. This involves the purchase of capital stock, extensive documentation, and a recordkeeping/communication burden. The administrative requirements are complicated and costly for both CFAB and its borrowers, and an impediment to small loans.

Through CSSB 92, CFAB is requesting the legislature to make the small loans program more feasible -- both for CFAB and the borrowers -- by granting a membership exemption under the limited circumstances proposed in the bill.

CSSB 92 also makes clarifying changes in CFAB's existing statute by confirming that using permits for collateral, nominating another person to assume a note, and instituting legal action to recover deficiencies applies to CFAB loans for fishing-related needs as well as loans for the purchase of entry permits.

CSSB 92 passed the Senate 18-0 on May 14.

The following backup information is attached:

1. Sectional analysis.
2. Position paper and zero fiscal note from the Department of Commerce and Economic Development.
3. Zero fiscal note from the Department of Fish and Game.
4. Letter of support from the Community Enterprise Development Corporation of Alaska.
5. Information sheet about CFAB.



SENATOR FRED F. ZHAROFF  
ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259  
DURING SESSION:  
P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

SECTIONAL ANALYSIS

CS FOR SENATE BILL 92 (Finance)

"An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank and to the use of limited entry permits as security for those loans; and providing for an effective date."

SECTION 1

Amends 16.43.150(g) (Entry permit requirements) to add the new statute created by this bill -- 44.81.225 -- to the list of statutes that are exempted from the prohibition on using entry permits as collateral. CFAB already has this exemption in 44.81.230 - 44.81.250. This is a technical change.

SECTION 2

Adds a new section to statutes, AS 44.81.225, authorizing the Alaska Commercial Fishing and Agriculture Bank (CFAB) to make small loans to qualified borrowers who are not bank members.

- (a) Explains the reason for the program.
- (b)(1) Allows the small loan borrower to be exempt from the CFAB membership requirement.
- (b)(2) Limits the amount that may be loaned to each borrower under this program to no more than \$25,000.
- (c) Limits the total amount of money that may be used for small loans to no more than eight percent of CFAB's total capital. CFAB's capital is presently about \$37 million, so the amount available for small loans at the present time would not exceed \$2,960,000.
- (d) Allows CFAB to contract with a public agency or legal entity to service small loans.

SECTION 3

Amends 44.81.230(a) to include a reference to 41.81.225. 44.81.230(a) is an existing requirement for the Commercial Fisheries Entry Commission to certify that a fisherman who borrows for the purchase of a limited entry permit qualifies

as a permit transferee under the limited entry statutes and regulations.

SECTION 4

Amends 44.81.230(b) -- which lists the requirements for pledging an entry permit as collateral for a loan -- to include a reference to 44.81.225. Also, by including a reference to 44.81.235, confirms that a permit lien can apply to loans made for fishing-related needs other than the purchase of limited entry permits.

SECTION 5

Amends 44.81.230(f) -- which allows a loan debtor to avoid foreclosure on an entry permit by nominating another person to assume the note -- to include a reference to 44.81.225. Also, by including a reference to 44.81.235, confirms that this method of avoiding foreclosure is applicable to CFAB loans for other fishing-related needs.

SECTION 6

Amends 44.81.250(d) -- which allows CFAB to institute legal action to recover deficiencies -- to include a reference to 44.81.225, thereby extending this section to cover the small loans program. Also, by including a reference to 44.81.235, confirms this section applies to loans for other fishing-related needs.

SECTION 7

Immediate effective date.

**What is CFAB?**

Alaska Commercial Fishing and Agriculture Bank (CFAB) began operations in 1980. Its sole mission is to provide financing of all kinds to the commercial fishing industry and the agriculture industry (including timber) in Alaska.

**What kinds of loans and repayment programs are available from CFAB?**

CFAB can make loans for almost any fishing-related or farming-related purpose. The most common purposes are the purchase, modification, or refinancing of a vessel; purchase of a limited entry permit; gear, engine, or equipment replacement or upgrade; general operating capital; and fish processing, etc. There are no "standard" repayment terms or programs — we work with each applicant to determine a repayment schedule appropriate to that particular loan transaction.

**Who may borrow from CFAB?**

In order to be eligible for consideration as a CFAB borrower, an applicant must be commercially involved in one of the industries mentioned earlier. An individual applicant must be a bona fide Alaska resident. A partnership must be comprised of Alaska residents. If the applicant is a corporation, the majority ownership and control must rest with Alaskans. There are some exceptions to the latter rule for companies which are involved in shorebased fish processing.

Eligibility, however, is only a first step. To obtain a CFAB loan, an applicant must be found by CFAB to be capable and creditworthy within the context of the specific loan request. The standards used by CFAB are essentially the same as those of any responsible lender. However, CFAB's specialized purposes, and the experience we have gained, may permit us to consider a broader range of applicants than do most other lenders.

**Who owns CFAB?**

CFAB is a cooperative. This means that each borrower becomes an owner through a modest purchase of CFAB stock when a loan is made. The State of Alaska is also an owner. CFAB was established by a special Alaska statute, and the State made an initial investment of "seed money" — that money is expected to be returned to the State as borrowers' ownership grows.

**Does that mean the State operates CFAB?**

CFAB's statute provides for it to be operated as a private cooperative rather than as a State agency. Its basic policies and directions are established by a seven-person Board of Directors, which hires professional management and staff to operate the business. Five of the Directors must be borrower-owners of CFAB and are elected by the total borrower-ownership. The other two Directors are appointed by the Governor of Alaska. All Directors' terms are for three years. CFAB holds an ownership meeting each year - borrower-owners have the opportunity to vote on important matters, to receive reports from Directors and management, and to elect Directors. The State's stock is non-voting, although CFAB provides periodic reports to State officials.

**Where does CFAB get its money to loan?**

CFAB is not limited as to its source of funds. Since its inception, CFAB has borrowed funds for re-lending from the Federal Farm Credit System.

**What is CFAB's interest rate and how is it set?**

Although CFAB occasionally makes fixed rate loans, the vast majority of its loans are on a variable rate basis. That is, the rate will change — up or down — as CFAB's costs change. There is no single initial rate — the initial rate is based on the kind of loan involved. Most important, we use a procedure to objectively analyze the credit-worthiness of each individual applicant, which permits us to offer the most favorable interest rates to the most desirable risks. CFAB's interest rates overall are set to provide sufficient income to pay its own interest costs and operating expenses and to provide a small margin. Since CFAB is a cooperative, any margin which is actually produced is either returned to the borrower-owners or otherwise used to their benefit.

— EXCERPTED FROM A CFAB BROCHURE. —

**SB 92**

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/3/91

FURTHER:

DATE TURNED INTO OFFICE: 5-13-91

The Finance Committee considered SENATE BILL NO. 92

"An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank; and providing for an effective date."

and recommended:

<input type="checkbox"/>	replace with _____	CS	<u>SB 92 (FIN)</u>	<input type="checkbox"/>	same title
<input type="checkbox"/>	or adopt _____	CS	_____	<input checked="" type="checkbox"/>	new title
<input type="checkbox"/>	attached amendment(s)			<input type="checkbox"/>	technical title change (HB only)
<input type="checkbox"/>	_____		letter of intent adopted		

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):  
Dept/Date:  
 fiscal note(s) \_\_\_\_\_

APPROVES PREVIOUS:  
Dept/Date:  
 fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
DFG 3-13-91

zero fiscal note(s) \_\_\_\_\_  
DCED 3-26-91

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Cal Sedame  
\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
[Signature]  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1. [Signature] 2. \_\_\_\_\_  
Co-Chairs: Signatures and Recommendations

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

No. 1

Version: SB 92

(s) Publish Date: 3/27/91

Revision Date: \_\_\_\_\_ Department Affecter  
 Title: An Act relating to the lending authority and loans of CFAB BRU: Banking, Securities & Corporations  
 Sponsor: Sen. Zharoff Component: Banking & Securities  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 

1	2	3	3
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Willis F. Kirkpatrick, Director Phone: 465-2521  
 Division: Banking, Securities & Corporations Date: 3/26/91  
 Approved by Commissioner: Glenn A. Olds  
 Agency: Department of Commerce & Economic Development Date: 3-26-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. SB 92

3-26-91  
3(110)  
PIS  
F.A.

Revision Date: 3/13/91 Department Affected: Fish and Game  
 Title: Loans Secured by Limited Entry Permits BRU: Commercial Fisheries  
 Component: Commercial Fisheries  
 Sponsor: Sen. Zharoff  
 Requestor: Governor COMPONENT SERIAL NO. 

	4	5	9
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Bob Clasby Phone: 465-4210  
 Division: Commercial Fisheries Date: 3/13/90  
 Approved by Commissioner: RON SCHMIDT  
 Agency: ADF&G Date: 3/25/91

Distribution (by preparer): Let Changes in CSSB 92 (FW) Director, OMB, & Impacted Agency(ies).

CS FOR SENATE BILL NO. 92 (FINANCE)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATORS ZHAROFF, Sturgulewski, Hoffman

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the lending authority and loans of the Commercial Fishing and  
2 Agriculture Bank and to the use of limited entry permits as security for those loans; and  
3 providing for an effective date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 \* Section 1. AS 16.43.150(g) is amended to read:

6 (g) Except as provided in AS 16.10.333 - 16.10.337, AS 44.81.210, 44.81.225, and  
7 44.81.230 - 44.81.250, an entry permit may not be

8 (1) pledged, mortgaged, leased, or encumbered in any way;

9 (2) transferred with any retained right of repossession or foreclosure, or on any  
10 condition requiring a subsequent transfer; or

11 (3) attached, distrained, or sold on execution of judgment or under any other  
12 process or order of any court.

13 \* Sec. 2. AS 44.81 is amended by adding a new section to read:

14 Sec. 44.81.225. SMALL LOANS. (a) To facilitate the development of commercial

1 fisheries in geographic areas in which factors such as geographic considerations, uncertainties of  
2 communication, or limited demands do not encourage normal lending activities, the bank may  
3 make small loans to qualified borrowers who are not members of the bank.

4 (b) The provisions of this chapter apply to loans authorized by this section except that

5 (1) the borrower is not required to be a member of the bank at the time the loan  
6 is approved; and

7 (2) the principal amount of the portion of the loan made by the bank may not  
8 exceed \$25,000.

9 (c) The total amount of money that may be loaned under this section may not exceed  
10 eight percent of the total capital of the bank.

11 (d) To service loans made under this section, the bank may contract or make other  
12 arrangements with a public agency or with a legal entity that the bank determines to be  
13 responsible and competent to administer the loan.

14 \* Sec. 3. AS 44.81.230(a) is amended to read:

15 (a) A loan under AS 44.81.210(a)(20) or 44.81.225 for the purchase of a limited entry  
16 permit may be made only upon certification by the commission that the fisherman is a person  
17 who qualifies as a transferee for the permit under AS 16.43 and the regulations adopted by the  
18 commission.

19 \* Sec. 4. AS 44.81.230(b) is amended to read:

20 (b) Upon approval by the bank, a [THE] permit [TO BE PURCHASED] may be pledged  
21 as security for a loan made under (a) of this section, AS 44.81.225, or 44.81.235 [,] if

22 (1) the certificate for the pledged permit lists the bank as the legal owner of the  
23 permit;

24 (2) the certificate for the pledged permit lists the debtor as the equitable owner  
25 of the permit;

26 (3) all annual permit cards issued under the pledged permit list the name of the  
27 debtor;

28 (4) all obligations and responsibilities of a permit owner are assumed by the  
29 debtor;

30 (5) co-signers or other sureties for performance under the note are not vested with  
31 any rights in the pledged permit and their obligation is limited to satisfaction of the note and

1 payment of costs directly incurred by the bank in administering the loan.

2 \* Sec. 5. AS 44.81.230(f) is amended to read:

3 (f) In anticipation of possible foreclosure on an entry permit under AS 44.81.250, the  
4 debtor may nominate a person to assume a note for a loan made [GIVEN] under  
5 AS 44.81.210(a)(20), 44.81.225, or 44.81.235. If the person nominated qualifies under (a) of this  
6 section at the time of the foreclosure, the person may assume all rights and liabilities of the  
7 debtor in the event the bank forecloses on the entry permit.

8 \* Sec. 6. AS 44.81.250(d) is amended to read:

9 (d) Nothing in this section affects the right of the bank to institute legal action for a  
10 deficiency resulting from a default on a note for a loan made [GIVEN] under  
11 AS 44.81.210(a)(20), 44.81.225, [OR] 44.81.230, or 44.81.235. In addition to any deficiency,  
12 the debtor is liable for the costs of administering the note and for costs and attorney fees.

13 \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).



## SENATOR FRED F. ZHAROFF

### ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:


P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

#### MEMORANDUM

TO: Senator Pat Pourchot  
Co-Chairman  
Senate Finance Committee

FROM: Senator Fred F. Zharoff 

DATE: May 2, 1991

RE: Senate Bill 92 - "An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank; and providing for an effective date."

---

As we discussed on the phone earlier today, I wish to request that the Senate Finance Committee waive its referral for Senate Bill 92.

SB 92 allows the Alaska Commercial Fishing and Agriculture Bank -- which was established by the legislature in 1978 as a cooperative lending institution in order to provide a source of financing for Alaska's seafood and agriculture industries -- to establish a new small loans program to serve rural fishermen engaged in low cost fisheries.

The bill carries a zero fiscal note. After being initially capitalized by the state, CFAB now operates on its own funds and those of its borrowers.

The Senate Resources Committee and the Senate Labor and Commerce Committee previously examined the public policy aspects of the legislation. SB 92 moved out of the Senate Labor and Commerce Committee on March 25 with three "do pass" recommendations. It moved out of the Senate Resources Committee on May 1 with four "do pass" recommendations and one "no recommendation".

The waiver of the Senate Finance referral would, of course, hasten SB 92's opportunity to be voted on by the full Senate this year.

Attached are copies of the bill, the sectional analysis, and the fiscal notes.

If SB 92 cannot be waived, I request that the Senate Finance Committee entertain an amendment to SB 92. The proposed

amendment would correct a technical problem by including a reference to the section created by the bill into the limited entry statutes, specifically AS 16.43.150(g). Attached are copies of memos from the Commercial Fisheries Entry Commission that explain the problem and copy of the amendment as incorporated into a CSSB 92 work draft.

If you have any questions or require further information, please call me.



SENATOR FRED F. ZHAROFF

ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99815 (907) 486-5259

DURING SESSION:


P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 485-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Senator Pat Pourchot  
Co-Chairman  
Senate Finance Committee

FROM: Senator Fred F. Zharoff 

DATE: May 8, 1991

RE: Senate Bill 92 - "An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank; and providing for an effective date."

SB 92 would allow the Alaska Commercial Fishing and Agriculture Bank to develop a small loan program specifically targeted at rural commercial fishermen.

CFAB is a cooperative lending institution that was created by the Alaska Legislature in 1978 to serve Alaska's commercial fishing and agriculture industries. In recently evaluating CFAB's effectiveness, the officers concluded the institution was not doing as good a job as it could in Western Alaska and the Arctic-Yukon-Kuskokwim area. The commercial fishermen in these regions generally are engaged in relatively low income fisheries in which a relatively small capital investment is required for participation.

Financing for these fisheries operations, in general, has been difficult to obtain because of the regions' remoteness (all business must be transacted by phone or mail), language difficulties, less exposure to financial systems and institutions, the fishermen's lack of alternate income, and the annual fluctuations in salmon returns and income.

To serve these people, CFAB plans to start a program for small loans of less than \$25,000. CFAB envisions establishing relationships with rural businesses and agencies (village corporations, Native associations, etc.) for originating and servicing these small loans.

CFAB could set up the program for small loans without legislation. The program is included in the bill so the legislature will have a full understanding of what is being proposed. The operative change CFAB requires in statute to go

forward with its plans is in (b)(1) of Section 1, an exemption from CFAB's membership requirement.

As a cooperative, CFAB requires its borrowers to become members/owners. This involves the purchase of capital stock, extensive documentation, and a recordkeeping/communication burden. The administrative requirements are complicated and costly for both CFAB and its borrowers, and an impediment to small loans.

Through SB 92, CFAB is requesting the legislature to make the small loans program more feasible -- both for CFAB and the borrowers -- by granting a membership exemption under the limited circumstances proposed in the bill.

SB 92 also makes clarifying changes in CFAB's existing statute by confirming that using permits for collateral, nominating another person to assume a note, and instituting legal action to recover deficiencies applies to CFAB loans for fishing-related needs as well as loans for the purchase of entry permits.

A memorandum sent to you on May 2 discussed an amendment that needs to be made to SB 92.

SB 92 moved out of the Senate Labor and Commerce Committee on March 27 with three "do pass" recommendations. It moved out of the Senate Resources Committee on May 3 with four "do pass" recommendations and one "no recommendation". The bill has a zero fiscal note.

The following backup information is attached:

1. Sectional analysis.
2. Position paper and zero fiscal note from the Department of Commerce and Economic Development.
3. Zero fiscal note from the Department of Fish and Game.
4. Letter of support from the Community Enterprise Development Corporation of Alaska.
5. CFAB's 1990 annual report.
6. CFAB statutes.



# SENATOR FRED F. ZHAROFF

## ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

### SECTIONAL ANALYSIS

#### SENATE BILL 92

"An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank; and providing for an effective date."

#### SECTION 1

Adds a new section to statutes, AS 44.81.225, authorizing the Alaska Commercial Fishing and Agriculture Bank (CFAB) to make small loans to qualified borrowers who are not bank members.

- (a) Explains the reason for the program.
- (b) (1) Allows the small loan borrower to be exempt from the CFAB membership requirement.
- (b) (2) Limits the amount that may be loaned to each borrower under this program to no more than \$25,000.
- (c) Limits the total amount of money that may be used for small loans to no more than eight percent of CFAB's total capital. CFAB's capital is presently about \$37 million, so the amount available for small loans at the present time would not exceed \$2,960,000.
- (d) Allows CFAB to contract with a public agency or legal entity to service small loans.

#### SECTION 2

Amends 44.81.230(a) to include a reference to 41.81.225. 44.81.230(a) is an existing requirement for the Commercial Fisheries Entry Commission to certify that a fisherman who borrows for the purchase of a limited entry permit qualifies as a permit transferee under the limited entry statutes and regulations.

#### SECTION 3

Amends 44.81.230(b) -- which lists the requirements for pledging an entry permit as collateral for a loan -- to include a reference to 44.81.225. Also, by including a reference to 44.81.235, confirms that a permit lien can apply to loans made for fishing-related needs other than the purchase of limited entry permits.

SECTION 4

Amends 44.81.230(f) -- which allows a loan debtor to avoid foreclosure on an entry permit by nominating another person to assume the note -- to include a reference to 44.81.225. Also, by including a reference to 44.81.235, confirms that this method of avoiding foreclosure is applicable to CFAB loans for other fishing-related needs.

SECTION 5

Amends 44.81.250(d) -- which allows CFAB to institute legal action to recover deficiencies -- to include a reference to 44.81.225, thereby extending this section to cover the small loans program. Also, by including a reference to 44.81.235, confirms this section applies to loans for other fishing-related needs.

SECTION 6

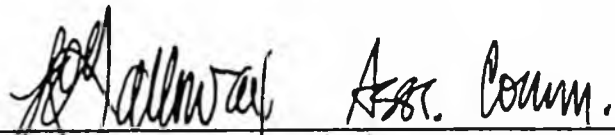
Immediate effective date.

SB 92: "An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank; and providing for an effective date."

The department encourages the intent to foster further development of our commercial fisheries industry, especially geographic areas which may discourage normal lending sources. It is our understanding that this type of development activity is the foundation upon which CFAB was built.

We do question, but are not opposed to, the exemption provisions of membership to be qualified for a loan. One of the fundamental elements in the well-being of any cooperative is the support of its members and, in turn, the coop's membership service. It may be in the best interest of not only the success of CFAB but fisheries development to expand membership rather than dilute it.

The department encourages passage of SB 92.

  
\_\_\_\_\_  
Glenn A. Olds, Commissioner  
Date: 3-24-91

4

March 22, 1991

RECEIVED MAR 24 1991

Senator Fred Zharoff  
Post Office Box V  
Juneau, Alaska 99811

Dear Senator Zharoff,

For the Community Enterprise Development Corporation of Alaska and its members, I wish to voice our support for Senate Bill No. 92. This Bill, if passed, would allow the Alaska Commercial Fishing & Agriculture Bank to make \$25,000 commercial fishing loans.

Please allow me to tell you something about Community Enterprise Development Corporation of Alaska (CEDC). CEDC, formed by the Federal Government in 1968, is a non-profit organization designed to promote economic development in rural Alaska. We have 168 rural organizations who are members of CEDC, and the geographic areas which our members come from range from Sitka to Barrow.

One of the programs which we have, and is perhaps the most visible one in rural Alaska is our EDA Boat Loan Program. CEDC inherited this program from the Alaska Native Foundation in 1983. It is now the most creditable Federal Loan Program in rural Alaska. This program gives Western Alaska Fishermen, who otherwise could not qualify for a commercial bank loan, alternative financing for their boats. Since 1983, ninety four fishermen received financing worth \$1,123,973 for boats and gear from CEDC.

Our program has, and will continue to have a positive economic impact in Western Alaska. However, we do have restrictions with this program, and this is why we support Senate Bill No.92.

Our loan fund is small, and on an average we can only make 10 new boat loans per year. We cannot make loans outside of Western Alaska. Also, because we can not take fishing permits as collateral, we do not make permit loans. Within our service area the average fishing permit is worth from \$12,000-\$25,000.



**CEDC**

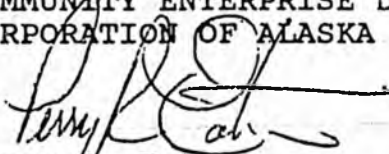
Community Enterprise Development Corporation of Alaska  
1577 'C' Street Plaza, Suite 304/Anchorage, Alaska 99501, 907:274-5400

Based on the number of inquiries that we get from fishermen outside of our service area. And due to limitations in our program. We can see there is adequate need for small fishing boats, and fishing permit financing in and outside of our service area.

CEDC and CFAB share a common interest with commercial fishermen. We both would like to see fishermen meet their goal of self-sufficiency. If this bill passes, this goal will be more attainable for the small boat fishermen.

Sincerely,

COMMUNITY ENTERPRISE DEVELOPMENT  
CORPORATION OF ALASKA



Perry R. Eaton  
President & CEO

**THE FOLLOWING DOCUMENT HAS NOT  
BEEN FILMED BUT IS AVAILABLE IN THE  
ORIGINAL FILE.**

PLEASE MICROFILM TOP PAGE ONLY



# *Alaska Commercial Fishing and Agriculture Bank*

## *1990 Annual Report*

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For more information contact:

Alaska Commercial Fishing and  
Agriculture Bank  
2550 Denali Street, Suite 1201  
Anchorage, Alaska 99503  
(907) 276-2007 or (800) 544-2228

SB 96

SENATE FINANCE COMMITTEE REPORT

DATE TURNED INTO OFFICE \_\_\_\_\_

2/15/92

The Finance Committee considered

SB 96

Authorizing compensation for members of the state Local Boundary Commission;efd.

**Died in SFC.**

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_  new title
- attached amendment(s)  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S): Dept/Date:

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_

APPROVES PREVIOUS: Dept/Date:

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1. \_\_\_\_\_ 2. \_\_\_\_\_

Co-Chairs: Signatures and Recommendations

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

DATE: 2/1/91

FURTHER: Finance

Date of 5-Day Notice: 2/7/91  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 2/14/91

C&RA Committee considered SB 96

Authorizing compensation for members of the state Local Boundary Commission; efd.

+ repl it bk on floor

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_  same title
- attached amendment(s)  new title

\_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

EM

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) \_\_\_\_\_  
C&RA / 2/13/91

zero fiscal note(s) \_\_\_\_\_

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1 Carlin Stangorli

2 Lyman Hyde

1 St Mark Do Pass

Chair: Signature and Recommendation

FISCAL NOTE

No. 1  
 Bill Version: SB 96

(S) Publish Date: 2-19-91

STATE OF ALASKA  
 1991 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department Affected: Community & Regional Affairs

Title: "An Act..compensation for members of the State Local Boundary Comm.." BRU: Local Government Assistance

Component: Local Boundary Commission

Sponsor: Senate C&RA

Requestor: Senate C&RA

COMPONENT SERIAL NO. 

0	6	7	4
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	18.75	18.75	18.75	18.75	18.75	18.75
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	18.75	18.75	18.75	18.75	18.75	18.75

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	18.75	18.75	18.75	18.75	18.75	18.75
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	18.75	18.75	18.75	18.75	18.75	18.75

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: No fiscal impact in FY 91

ANALYSIS: (Attach a separate page if necessary.)

This fiscal note assumes 25 days of meetings per year with compensation at \$150 per day per member (5 members).

Prepared By: Remond Henderson Phone: 465-4708

Division: Administrative Services Date: 2/13/91

Approved by Commissioner: Ed. W. M. M.

Agency: Community & Regional Affairs Date: \_\_\_\_\_

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

**SENATE BILL NO. 96**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

Introduced: 2/1/91  
Referred: CRA and Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act authorizing compensation for members of the state Local Boundary Commission;  
2 and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* Section 1. AS 44.47.579 is repealed and reenacted to read:

5       Sec. 44.47.579. COMPENSATION AND EXPENSES. A member of the Local Boundary  
6 Commission is entitled to compensation at a rate of \$150 for each day the member is attending  
7 a meeting of the commission. A member is also entitled to receive per diem and travel expenses  
8 authorized for members of boards and commissions under AS 39.20.180.

9 \* Sec. 2. This Act takes effect July 1, 1991.

ALASKA STATE LEGISLATURE  
SENATE BILL NO. 96

HISTORY IN THE SENATE

HISTORY IN THE HOUSE

1991

19

Read first time and referred to:

CRA and Finance

CR RPT( ) CS 2 DP 1 NR \_\_\_ DNP \_\_\_ AM  
New Title \_\_\_ Same Title \_\_\_ Previous FN \_\_\_  
 FN \_\_\_ OFN \_\_\_ To Am

\_\_\_ RPT( ) CS \_\_\_ DP \_\_\_ NR \_\_\_ DNP \_\_\_ AM  
New Title \_\_\_ Same Title \_\_\_ Previous FN \_\_\_  
\_\_\_ FN \_\_\_ OFN \_\_\_ To \_\_\_

\_\_\_ RPT( ) CS \_\_\_ DP \_\_\_ NR \_\_\_ DNP \_\_\_ AM  
New Title \_\_\_ Same Title \_\_\_ Previous FN \_\_\_  
\_\_\_ FN \_\_\_ OFN \_\_\_ To \_\_\_

\_\_\_ Rules Calendar( ) CS \_\_\_ AM \_\_\_ Other \_\_\_  
New Title \_\_\_ Same Title \_\_\_ Previous FN \_\_\_  
\_\_\_ FN \_\_\_ OFN \_\_\_

Read second time

\_\_\_ CS Adopted ( ) \_\_\_ New Title \_\_\_  
\_\_\_ Amended \_\_\_ Advanced \_\_\_

Read third time

\_\_\_ Letter of Intent adopted  
\_\_\_ Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration

Reconsideration not taken up

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed  
Signed by President, to House

Secretary of the Senate

Read first time and referred to:

\_\_\_ RPT CS( ) \_\_\_ New Title \_\_\_  
\_\_\_ DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM \_\_\_  
\_\_\_ FN \_\_\_ OFN \_\_\_ Previous FN \_\_\_

\_\_\_ RPT CS( ) \_\_\_ New Title \_\_\_  
\_\_\_ DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM \_\_\_  
\_\_\_ FN \_\_\_ OFN \_\_\_ Previous FN \_\_\_

\_\_\_ RPT CS( ) \_\_\_ New Title \_\_\_  
\_\_\_ DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM \_\_\_  
\_\_\_ FN \_\_\_ OFN \_\_\_ Previous FN \_\_\_

Read second time

\_\_\_ CS( ) Adopted \_\_\_

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

\_\_\_ Intent adopted

Reconsideration

Reconsideration not taken up

PASSED ON RECON.	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

\_\_\_ Intent adopted

Reported correctly engrossed and signed by the Speaker  
and returned to the Senate

Chief Clerk of the House

**SENATE-HOUSE HISTORY Continued**

19	<p>Received from the House Version: _____</p> <p>Concur in House amendment Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>Failed to concur in House amendment, ask House recede Y ___ N ___ E ___ A ___</p> <p>House failed to / receded from amendment Y ___ N ___ E ___ A ___</p> <p>CC appointed by Senate _____ Chair _____</p> <p>CC appointed by House _____ Chair _____</p> <p>(S) Granted Limited Powers of Free Conference</p> <p>(H) Granted Limited Powers of Free Conference</p>
----	--

19	<p>(S) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>(H) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>To enrolling Received from enrolling Sent to Governor</p> <p>_____ By Governor</p> <p>Chapter Number _____</p> <p>Filed with Lieutenant Governor</p>
----	---

7-LS0593ND  
Luckhaupt  
3/1/91

**CS FOR SENATE BILL NO. 96 (FINANCE)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

**1 "An Act authorizing compensation for members of the state Local Boundary Commission;  
2 and providing for an effective date."**

**3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

**4 \* Section 1. AS 44.47.579 is repealed and reenacted to read:**

**5           Sec. 44.47.579. COMPENSATION AND EXPENSES. A member of the Local Boundary  
6 Commission is entitled to compensation at a rate of \$150 for each day the member is attending  
7 a meeting of the commission. A member who is an employee of the state or a local government  
8 is entitled to the \$150 per day compensation only for a day on which the member takes annual  
9 leave or leave without pay from the state or local government position. A member is also  
10 entitled to receive per diem and travel expenses authorized for members of boards and  
11 commissions under AS 39.20.180.**

**12 \* Sec. 2. This Act takes effect July 1, 1991.**

# Alaska State Legislature

Al Adams  
District L



Official Business

WHILE IN SESSION  
P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3707

OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3245

3111 C Street  
Anchorage, Alaska 99503  
(907) 561-7622

March 4, 1991

The Honorable Walter Hickel  
Governor  
State of Alaska  
Pouch V  
Juneau, Alaska 99811

Dear Governor Hickel:

This is to let you know that I share your concern with economic problems that surround the various state boards and commissions and to offer a fix.

I see several issues at hand. One has to do with the sheer number of boards and commissions. Another has to do with their costs. A facet of their costs is the vast disparity in compensation for expenses, time and expertise. This latter notion has become particularly pointed with legislation again before the Seventeenth Legislature to provide salaries or elevated salaries to certain boards. Salary and honorarium has become a matter of some boards convincing legislators that its activities warrant a salary. Amounts range from \$50 to \$400 per meeting. I have enclosed for your review summaries of the various boards and compensation allowances. Clearly, there is no constructive correlation between salary, time involved or expertise required.

Several policy calls need to be made to address these problems. Some boards should be eliminated and some should be joined together. A policy for travel, per diem, salary and honorarium needs to be established. A policy is required on whether state employees or those who work for political subdivisions of the state should take leave without pay for meeting attendance.

I believe a short term task force would be well suited to investigate the possibilities of board elimination and fusion, how to divert "double dipping" of state employees serving on boards and recommend appropriate compensation. Since the establishment of such standards would involve multiple statutory changes it would seem appropriate that the task force could have answers to place before the Second Session of the Seventeenth Legislature.

I hope you find these ideas useful.

Sincerely,

A handwritten signature in cursive script, appearing to read "Al Adams".

Senator Al Adams

! BOARDS AND COMMISSIONS WITH COMPENSATION OTHER THAN STANDARD TRAVEL AND PER DIEM

-10/1/82

Board/Commission Name	# Members	# Meetings	Compensation
Commercial Fisheries Entry Commission	3	120 days	Salaried
Commercial Fishing & Agricultural Bank, Bd. of Directors	7	7 days	\$250/day maximum
Board of Fisheries	7	4-6x; 40-85 days	\$150/day-regular meetings \$100/day-other meetings
Board of Game	7	2x (35-40 days)	\$150/day-regular meetings \$100/day-other meetings
Historical Records Advisory Board, State	9	3 days maximum	Federal funding
Alaska Housing Finance Corporation	7	16 days maximum	\$100/day + necessary expenses
Alaska Industrial Development & Export Authority	5	1x/month; most via telecon.	\$100/day
Medical Indemnity Corporation of Alaska	9	4x (15-30 days)	Necessary expenses
Alaska Municipal Bond Bank Authority	5	5 days total	Actual expenses
Occupational Safety & Health Review Board	3	Approx. 4x/yr.	\$50/day
Oil & Gas Conservation Commission	3	N/A	Salaried
State Board of Parole	5	4x/yr. minimum	Set by Governor
Permanent Fund Corporation, Board of Trustees	6	10+/yr. (40 days)	\$400/day
Board of Pharmacy	7	3x (9 days total)	Actual expenses
Alaska Public Offices Commission	5	5x (15 days max.)	\$50/day
Railroad Corporation, Board of Directors	7	4x/yr. minimum	\$400/day
Teachers' Retirement Board	9-13	2x (approx. 6 days)	Actual expenses
Public Employees Retirement Board	9-13	2x/yr.	4-8 physician members entitled to hourly compensation at rate consistent with their normal hourly earnings
Alaska Public Utilities Commission	5	Continuous	Salaried
Western Interstate Commission for Higher Education	3	2x (10 days max.)	Actual expenses
Alaska Workers' Compensation Board	11	125 days total	\$50/Day

SOURCE: 1991 Boards and Commissions Book, Office of the Governor

270

2

**BOARDS AND COMMISSIONS**  
**WITH NO COMPENSATION OTHER THAN TRAVEL AND PER DIEM**

BY SENATOR ADAMS

3.01.91

SOURCE: 1991 BOARDS AND COMMISSIONS BOOK

<b>BOARD</b>	<b>MEETING DAYS PER YEAR</b>
PUB ACCOUNTANCY	12 DAYS TOTAL
AG REV. LOAN FUND BOARD	25 DAYS
ALCOHOL BEVERAGE CONTROL	11-14 DAYS
ALCOHOLISM AND DRUG ABUSE	12 DAYS
AMATEUR SPORTS AUTHORITY	AT LEAST QUARTERLY
ARCHITECTS, ENGINEERS, AND LAND SURVEYORS	4 MEETINGS
ALASKA COUNCIL ON THE ARTS	12-15 DAYS MAXIMUM
ASSESSMENT REVIEW BOARD	2-3 DAYS
ATHLETIC COMMISSION	1 MTG/YEAR
BALD EAGLE PRESERVE ADVISORY COUNCIL	7 DAYS
BOARD OF GOVERNORS ALASKA BAR	10 DAYS
BARBERS AND HAIRDRESSERS	"AS OFTEN AS NECESSARY"
BIG GAME COMMERCIAL SERVICES	14 DAYS MAX
BLOCK GRANTS ADVISORY COMMITTEE	4-6 DAYS
PUBLIC BROADCASTING	15 DAYS
CHILDREN AND YOUTH	4 MTGS PER YEAR
CHIROPRACTIC EXAMINERS	6 DAYS MAX
CLEMENCY ADVISORY COMMITTEE	APPROX 4 MEETINGS PER YEAR
CLINICAL SOCIAL WORKERS	1 MEETING PER YEAR
COASTAL POLICY COUNCIL	10 DAYS
COMPENSATION COMMISSION/STATE OFFICERS	EVERY OTHER YEAR
CORRECTIONAL INDUSTRIES COMMISSION	4 MTGS PER YEAR
DENTAL EXAMINERS	4 MTGS PER YEAR

## BOARDS AND COMMISSIONS WITH NO COMPENSATION OTHER THAN TRAVEL/PER DIEM

DISPENSING OPTICIANS	4 DAYS
DOMESTIC VIOLENCE AND SEXUAL ASSAULT	16 DAYS MAX
BOARD OF EDUCATION	30 DAYS MAX
ELECTICAL EXAMINERS	1 MTG PER YEAR
EMERGENCY MEDICAL SERVICES	6 DAYS MAXIMUM
EMERGENCY RESPONSE COMMISSION	4 MTGS PER YEAR
EMPLOYMENT OF PEOPLE W/ DISABILITIES	14 DAYS MAX
EMPLOYMENT SECURITY ADVISORY COUNCIL	8 DAYS MAX
ALASKA ENERGY AUTHORITY	12 MTGS PER YEAR/ 48 DAYS MAX
ADVISORY COMMISSION ON FEDERAL AREAS	AT LEAST 2 MTGS PER YEAR
FISHERMENS FUND ADVISORY AND APPEALS COUNCIL	10 DAYS MAX
FORESTRY	8 DAYS
GEOGRAPHIC BOARD	9 DAYS
HANDICAPPED AND GIFTED	15 DAYS
HAZARDOUS SUBSTANCE SPILL TECHNOLOGY	AT CALL OF CHAIR
HEALTH CARE TASK FORCE	AS SCHEDULED W/ DH&SS
HISTORIC SITES ADVISORY COMMITTEE	8 DAYS MAX
HISTORICAL COMMISSION	16 DAYS MAX
HOUSING AUTHORITY	12 DAYS
HUMAN RIGHTS	8-10 DAYS
HUMANITIES FORUM	8-10 DAYS
INCENTIVES AWARD	AS NEC
JOB TRAINING COUNCIL	AS NEC
JUDICIAL CONDUCT	4-6 DAYS
JUDICIAL COUNCIL	4-8 DAYS
JUVENILE JUSTICE AND FAMILY SERVICES	4 DAYS
LABOR RELATIONS AGENCY	15 TO 20 TIMES PER YEAR
LIBRARIES	5-6 DAY MAX
MARINE PILOTS	1 MTG PER YEAR
MECHANICAL EXAMINERS	2-3 MTGS PER YEAR
MEDICAID RATE COMMISSION	10 TIMES PER YEAR
MEDICAL BOARD	4 TIMES PER YEAR

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

## BOARDS AND COMMISSIONS WITH NO COMPENSATION OTHER THAN TRAVEL/PER DIEM

DISPENSING OPTICIANS	4 DAYS
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HEALTH CARE TASK FORCE	AS SCHEDULED W/ DH&SS
HISTORIC SITES ADVISORY COMMITTEE	8 DAYS MAX
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INCENTIVES AWARD	AS NEC
JOB TRAINING COUNCIL	AS NEC
JUDICIAL CONDUCT	4-6 DAYS
JUDICIAL COUNCIL	4-8 DAYS
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LABOR RELATIONS AGENCY	15 TO 20 TIMES PER YEAR
LIBRARIES	5-6 DAY MAX
MARINE PILOTS	1 MTG PER YEAR
MECHANICAL EXAMINERS	2-3 MTGS PER YEAR
MEDICAL RATE COMMISSION	10 TIMES PER YEAR
MEDICAL BOARD	4 TIMES PER YEAR

BOARDS AND COMMISSIONS WITH NO COMPENSATION OTHER THAN TRAVEL/PER DIEM

MEDICAL INDEMNITY	15-30 DAY MAXIMUM
MENTAL HEALTH BOARD	12 DAYS
MENTAL HEALTH TRUST	4 MTGS PER YEAR
MINERALS COMMISSION	AS CALLED
MUNICIPAL BOND BANK	5 DAYS
N. PACIFIC AND BERING SEAS FISHERIES	4-5 MTGS PER YEAR
NURSING	4 MTGS PER YEAR
NURSING HOME ADMINISTRATORS	SEMI-ANNUALLY
OLDER ALASKANS COMMISSION	12 DAYS MAXIMUM
OPTOMETRY	4 DAYS
PACIFIC MARINE FISHERIES	6 DAYS MAX
PACIFIC SALMON COMMISSION	3 7-10 DAY MTGS
PERMANENCY PLANNING	2 MTGS PER YEAR
PERSONNEL BOARD	4 DAYS
PHARMACY	9 DAYS
PHYSICAL THERAPY AND OCC THERAPY	2 MTGS PER YEAR
PIONEERS HOMES ADVISORY BOARD	15-16 DAYS
POLICE STANDARDS COUNCIL	8 DAYS MAXIMUM
POST SECONDARY EDUCATION	10 DAYS MAX
PRIVATE INDUSTRY COUNCIL	8 DAYS MAX
PROFESSIONAL TEACHING PRACTICES	3-4 MTGS PER YEAR, 2-5 DAYS EACH
PSYCHOLOGIST AND PSYCHOLOGICAL ASSOCIATE	3 MTGS PER YEAR, 2 DAYS
REAL ESTATE APPRAISERS	AS NEEDED
REAL ESTATE COMMISSION	3-4 TIMES/YEAR, 2 DAYS EACH
RECREATION RIVERS	NO COMP MEET 4-6 TIMES PER YEAR
BOARD OF REGENTS	7 TIMES PER YEAR
RATNET	1-2 MTGS PER YEAR/ 1-2 DAYS EACH
SAFETY ADVISORY COUNCIL	6 DAYS
SCIENCE AND ENGINEERING ADVISORY	AS CALLED
SEAFOOD MARKETING	8-10 DAYS
SENTENCING COMMISSION	AS CALLED
SOIL AND WATER CONSERVATION	4 DAYS MINIMUM

BOARDS AND COMMISSIONS WITH NO COMPENSATION OTHER THAN TRAVEL/PER DIEM

STORAGE TANK ASSISTANCE	3 DAYS
STUDENT LOAN	AT CALL OF CHAIR
SUBSISTENCE RESOURCE COMMISSION	2 MTGS PER YEAR
SUBSISTENCE USE OF FISH AND GAME	NOT YET SET
TELECOMMUNICATIONS INFORMATION COUNCIL	4 TIMES PER YEAR
TOURISM MARKETING COUNCIL	4 MTGS PER YEAR
TRANS-ALASKA PIPELINE LIABILITY FUND	ONCE EVERY 6 MONTHS
VETINARY EXAMINERS	3 TIMES PER YEAR
VIOLENT CRIMES COMPENSATION COMMISSION	4-5 MTGS AND 10 HEARINGS PER EYAR
VOCATIONAL AND CAREER EDUCATION	8 DAYS
WATER AND WASTEWATER WORKS	1-2 TIMES PER YEAR/4-5 DAY MA
WATER RESOURCES	2 TIMES PER YEAR/ 1-3 DAYS EACH
WESTERN INTERSTATE FOR HIGHER ED	10 DAYS MAX
WOMENS COMMISSION	AT CALL
WOOD-TIKCHIK STATE PARK	8 DAYS
YUKON RIVER DELEGATION	2 MTGS PER YEAR

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

February 26, 1991

## POSITION PAPER

RE: Senate Bill 96

SPONSOR: Senate Community and Regional Affairs Committee

### Program Effects of Bill

Currently the Alaska Local Boundary Commission receives no compensation for time spent attending Commission meetings. Senate Bill No. 96 will provide compensation at a rate of \$150 to each member for each day the member attends a Commission meeting.

### Comments

In each of the past four years bills have been before the legislature which would have provided compensation to the Commission. The rate of compensation would have been \$150/day for each day any member attended a meeting. Such bills were approved by the Senate in 1988 and 1990. However, the measures failed to gain approval in the House. In 1990, the bill made it through all committees of referral in the House except the Rules Committee.

The Department of Community and Regional Affairs supports SB 96 just as it has supported its predecessors. The justification for a bill of this nature has become increasingly evident to the Department over the many years it has provided staff support to the Commission. The reasons are straightforward and many.

1. One of only four boards established by the Alaska Constitution in 1959, the Local Boundary Commission is one of the oldest and longest standing volunteer bodies in the state today. The Commission has evolved over these years from a body who originally met only three or four times a year to address boundary issues in fewer than 30 municipal governments, to one today who convenes an average of 25 meetings each year and rules on matters in 164 municipalities.

2. The amount of travel required by the Commission is tremendous. Intentionally seeking local input, the Commission meets whenever possible, where proposals originate. For example, during 1990 the Commission held meetings in Fairbanks, Juneau, Palmer, Nenana, Anchorage, Healy, Central, Fort Yukon, Livengood, McGrath, Tanana, Cantwell, McKinley Park and Anderson. It traveled to several of these communities more than once. In total, the Commission met 25 times last year. Anyone familiar with Alaska does not have to be told that this travel frequently occurred under hazardous weather conditions.

3. The volume of decisions and extent of travel alone do not fully account for the demands placed on the Commission today. Procedures which were simple thirty years ago have grown much more complex. For example, during its first fourteen years the Commission operated under only 3 pages of regulations. Today, its regulations consume more than 50 pages in the Alaska Administrative Code. Many of the provisions were mandated by the State Supreme Court. Commission procedures are further complicated by the requirement for U.S. Justice Department review and approval of every municipal boundary change ruled upon by the Commission.

4. Compounding the duties of the Commission is the tendency of the public to litigate disputes. Given the typically controversial nature of the issues before the Commission, it is not surprising that its decisions occasionally end in court. They have in fact, been the subject of six landmark rulings by the State Supreme Court. A host of other Supreme and Superior Court decisions affect each and every action of the Commission.

5. All of these circumstances combine to create a very demanding challenge. Today's Commission members must maintain a level of knowledge and energy expected of only the most dedicated. The Commission's rulings have significant implications for residents throughout Alaska. Its decisions frequently determine how fundamental services such as education will be delivered. To carry out their duties responsibly, each member typically spends at least sixteen hours preparing for each meeting.

These volunteers serve five year terms and are typically willing to accept reappointment. In every instance they are professionals able to command premium value for their time and talents. Yet all members forego their pay each day they travel to and from Commission meetings and each day they attend these meetings. Over a year's period this translates into thousands of dollars of lost personal income.

Position Paper - Senate Bill 96  
February 26, 1991  
Page Three

With these considerations in mind, the Department believes that compensation for Commission members is long overdue. If the State expects to keep qualified citizens who are willing to donate hundreds of hours every year, who are capable of making decisions in the face of intense pressure, who are willing to travel from one end of Alaska to the other under extreme weather conditions, and who can appreciate the significance of their rulings, then the State must recognize their value. Recognizing that it takes time for members of the Commission to develop expertise in this complex field, it is in the State's interest to recognize the importance of this Commission. The Department finds that SB 96 is a good effort toward this recognition.

*Remond Henderson for*  
Edgar Blatchford, Commissioner

# STATE OF ALASKA

## THE LEGISLATURE

### BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
P.O. BOX WF  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3795

#### MEMORANDUM

DATE: February 28, 1991

TO: Senator Pat Pourchot, Co-Chair  
Senate Finance Committee

FROM: Karen Rehfeld  
Fiscal Analyst *Karen*

SUBJ: Leave for State Employees serving on Boards/Commissions

During the committee's review of SB 96 authorizing compensation for members of the Local Boundary Commission, there was discussion concerning state employees serving on state boards and commissions and whether they would be eligible to receive compensation in addition to their salary. According to the Division of Personnel, a state employee away from work for any activity not related to the performance of their job is required to take leave. Leave Rules are found in Title 2, Chapter 8 of the Alaska Administrative Code.

There are no rules, policies or statutes that address the specific concern of employee leave and compensation for serving on state boards and commissions. Alaska Statutes 39.20, *Compensation and Allowances*, includes travel, per diem and leave requirements for state employees including a prohibition from receiving per diem when meeting in their home community (AS 39.20.185). If there is interest in including language prohibiting state employees who serve on boards and commissions from receiving compensation in addition to their salary, the committee may want to address this under the broader statutes in Title 39 as well as under the Local Boundary Commission.

Alaska Statute 44.47.565 establishes the Local Boundary Commission of five members appointed by the governor; one from each judicial district and one from the state at large. Additional qualifications for Local Boundary Commission members are listed in AS 39.05.060.

**SB97**

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/26/91

FURTHER:

DATE TURNED INTO OFFICE: 4/19/91

The Finance Committee considered SSSB 97

"An Act relating to the Alaska advance college tuition payment fund; and providing for an effective date."

and recommended:

replace with \_\_\_\_\_ CS \_\_\_\_\_  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_

same title  
 new title  
 technical title change  
(HB only)

attached amendment(s) \_\_\_\_\_  
 \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) DOR Dept/Date: 3/26/91  
25.0/Other

APPROVES PREVIOUS:

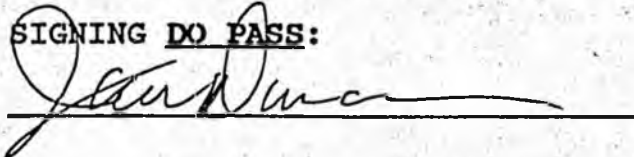
fiscal note(s) 11 of 17 261.2 Dept/Date: 3/25/91

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

appropriation-no fiscal note

SIGNING DO PASS:



OTHER RECOMMENDATIONS:

Al Adams - No Rec  
Anna Aulfin - No Rec  
Bill Stubbins - No Rec  
[Signature]

1.

[Signature]

2.

[Signature]

Co-Chairs: Signatures and Recommendations

**FISCAL NOTE**

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. SS SB 97

Revision Date: March 26, 1991

Department Affected: Revenue

Title: An act relating to the Alaska advance college tuition payment fund.

BRU: Operations

Component: Treasury

Sponsor: Kerttula

Component Serial No.

	1	2	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	5.0	5.0	5.0	5.0	5.0	5.0
TRAVEL						
CONTRACTUAL	20.0	20.0	20.0	20.0	20.0	20.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	25.0	25.0	25.0	25.0	25.0	25.0
<b>TOTAL</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

**ANALYSIS:** Basic personal services and contractual costs for a trust fund managed by the Treasury division. Contractual costs would consist of external investment management, auditing and custodial services. Future costs increases are dependent on the asset growth of the trust fund from contributions and market gains.

Prepared by: Brian C. Andrews *CSA*

Phone: 465-2350

Division: Treasury *D/A*

Date: March 26, 1991

Approved by Commissioner: *[Signature]*

Agency: Revenue

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

SS SB 97

**FISCAL NOTE**

No. L  
 Bill Version: SSSB 97  
 (S) Publish Date: 3/26/91

**STATE OF ALASKA  
 1991 LEGISLATIVE SESSION**

Revision Date: 3/25/91 Department Affected: University of Alaska  
 Title: Advance College Tuition Program; BRU: Statewide Programs & Services  
 eff. date \_\_\_\_\_ Component: \_\_\_\_\_  
 Sponsor: Kerttula  
 Requestor: Senate HESS Component Serial No. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES	126.9	130.7	134.8	138.7	142.8	147.1
TRAVEL	6.8	7.1	7.5	7.9	8.3	8.7
CONTRACTUAL	66.0	69.8	104.7	110.0	115.6	121.2
SUPPLIES	2.5	2.8	2.8	2.9	3.0	3.2
EQUIPMENT	30.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>261.2</b>	<b>240.2</b>	<b>249.6</b>	<b>259.4</b>	<b>269.6</b>	<b>280.2</b>

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)						
GENERAL FUND						
FEDERAL FUNDS						
OTHER: Interest Income	261.2	240.2	249.6	259.4	269.6	280.2
<b>TOTAL</b>	<b>261.2</b>	<b>240.2</b>	<b>249.6</b>	<b>259.4</b>	<b>269.6</b>	<b>280.2</b>

POSITIONS:						
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	1.1	1.1	1.1	1.1	1.1	1.1

Estimate of current year impact: \_\_\_\_\_

**ANALYSIS: (Attach a separate page if necessary.)**  
 Funding for this program comes from interest earned on the advance tuition payment fund and from other University of Alaska interest income. Staffing includes two permanent PCNs (reallocated from existing vacancies) and 3 temporary telephone workers. Contractual includes funding for advertising, printing, actuarial studies, and programming. Equipment includes record-keeping software.

Prepared by: Marsha A. Hubbard Phone: 474-7593  
 Division: Statewide Budget Office Date: 3/25/91  
 Approved by: Brian Rogers, Vice President for Finance  
 Agency: University of Alaska Date: 3/25/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 97  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATORS KERTTULA, Sturgulewski

Introduced: 3/25/91  
Referred: HES, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Alaska advance college tuition payment fund; and providing for  
2 an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 \* Section 1. AS 09.38.015(a) is amended to read:

5 (a) An individual is entitled to exemption of the following property:

6 (1) a burial plot for the individual and the individual's family;

7 (2) health aids reasonably necessary to enable the individual or a dependent to  
8 work or to sustain health;

9 (3) benefits paid or payable for medical, surgical, or hospital care to the extent  
10 they are or will be used to pay for the care;

11 (4) an award under AS 18.67 (Violent Crimes Compensation Board) or a crime  
12 victim's reparations act of another jurisdiction;

13 (5) benefits paid or payable as a longevity bonus under AS 47.45;

14 (6) compensation or benefits paid or payable and exempt under federal law;

- 1 (7) liquor licenses granted under AS 04;  
2 (8) limited entry permits granted under AS 16.43, except as provided in that  
3 chapter;  
4 (9) tuition credits under an advance college tuition payment contract  
5 authorized under AS 14.40.809(a).

6 \* Sec. 2. AS 14.40.803 is amended to read:

7 Sec. 14.40.803. ALASKA ADVANCE COLLEGE TUITION PAYMENT  
8 [EDUCATION TRUST] FUND ESTABLISHED. (a) The Alaska advance college tuition  
9 payment [EDUCATION TRUST] fund is established as a nonlapsing [AN ENDOWMENT  
10 TRUST] fund of the University of Alaska. The fund is established for the purpose of  
11 enhancing the ability of the university to provide (1) higher education for the people of the  
12 state; (2) wide and affordable access to higher education for residents and their children;  
13 (3) an incentive for residents to achieve higher academic standards in grades 7 - 12; and  
14 (4) an incentive for residents to continue and complete secondary and post secondary  
15 education [SEPARATE FROM THE GENERAL FUND]. The fund may be divided into  
16 separate accounts for accounting purposes.

17 (b) The fund consists of

18 (1) permanent fund dividend and cash contributions made under AS 14.40.807  
19 under the terms of an advance tuition payment contract;

20 (2) <sup>NEW; DELETE</sup> appropriations, gifts, bequests, and contributions of cash or other assets  
21 [FROM A PERSON]; and

22 (3) income and earnings of the fund.

23 (c) Assets of the fund shall be expended [IN THE FOLLOWING ORDER OF  
24 PRIORITY:

25 (1)] to make payments to the university, including payments for [ON BEHALF  
26 OF QUALIFIED BENEFICIARIES;

27 (2) TO MAKE] refunds, redemptions, and awards under [UPON  
28 TERMINATION OF] an advance tuition payment contract or a prepaid tuition scholarship, and  
29 [;

30 (3) TO PAY THE] costs of administration of the fund.

31 \* Sec. 3. AS 14.40.805 is amended to read:

1           Sec. 14.40.805. POWERS AND DUTIES OF THE COMMISSIONER OF REVENUE.

2           The commissioner of revenue is the custodian [TRUSTEE] of the fund and has the powers and  
3           duties under this section to

4                     (1) act as official custodian [TRUSTEE] of the cash and investments belonging  
5           to the fund and to secure adequate and safe custodial facilities;

6                     (2) receive all items of cash and investments belonging to the fund;

7                     (3) collect and deposit the principal and income from investments of  
8           [ACQUIRED BY THE TRUSTEE AND DEPOSIT THE AMOUNTS IN SEPARATE  
9           PRINCIPAL AND INCOME ACCOUNTS FOR] the fund;

10                    (4) invest and reinvest the assets of the fund as provided in this section and in  
11           accordance with investment objectives, criteria, and asset allocation guidelines established  
12           by the board [AS PROVIDED FOR THE INVESTMENT OF RETIREMENT FUNDS UNDER  
13           AS 14.25.180];

14                    (5) exercise the powers of a custodian [TRUSTEE] with respect to the assets of  
15           the fund;

16                    (6) do all acts, whether or not expressly authorized, that the commissioner of  
17           revenue considers necessary or proper in administering, as a custodian [TRUSTEE], the assets  
18           of the fund;

19                    (7) maintain accounting records of the fund in accordance with investment  
20           accounting principles [AND WITH DISTINCTION BETWEEN THE PRINCIPAL AND  
21           INCOME ACCOUNTS OF THE FUND];

22                    (8) engage an independent firm of certified public accountants to [ANNUALLY]  
23           audit the financial condition of the fund's investments and investment transactions;

24                    (9) enter into and enforce contracts or agreements considered necessary for the  
25           investment purposes of the fund, including the use of investment managers, consultants, and  
26           other custodians of the fund;

27                    (10) report to the university the condition and investment performance of the  
28           fund;

29                    (11) make payments to the university as requested by the board, including  
30           payments for [ON BEHALF OF QUALIFIED BENEFICIARIES];

31                    (12) MAKE] refunds and redemptions under [UPON TERMINATION OF] an

1 advance tuition payment contract or a prepaid tuition scholarship, [;] and

2 [(13) PAY THE] costs of administration of the fund.

3 \* Sec. 4. AS 14.40.807(a) is amended to read

4 (a) Contributions to the fund under the terms of an advance tuition payment contract  
5 may be made by direct cash payments or by contributions from the permanent fund dividend.  
6 The Department of Revenue shall

7 (1) prepare the permanent fund dividend application to allow an applicant [,] or  
8 a parent, legal guardian, or other authorized representative of an applicant who is an  
9 unemancipated minor to contribute 50 percent of a dividend to the fund under the terms of an  
10 advance tuition payment contract; and

11 (2) include with each application for a permanent fund dividend an explanation  
12 of the advanced tuition payment program [TRUST FUND], including the right [OF A  
13 PURCHASER] to receive a refund, a disclosure of the potential [UPON TERMINATION OF  
14 AN ADVANCE TUITION PAYMENT CONTRACT, AND A STATEMENT THAT THE] tax  
15 liability of the fund, and disclosure of the possible general effect of the tax liability on the  
16 advance college tuition payment program [HAS NOT YET BEEN DETERMINED; AFTER  
17 THE INTERNAL REVENUE SERVICE DETERMINES THE TAX LIABILITY OF THE  
18 FUND, A STATEMENT SUMMARIZING THE TAX DETERMINATION SHALL BE  
19 INCLUDED WITH EACH APPLICATION FOR A PERMANENT FUND DIVIDEND].

20 \* Sec. 5. AS 14.40.807 is amended by adding a new subsection to read:

21 (c) In order to assure the actuarial soundness of the fund, the legislature may appropriate  
22 annually to the fund the sum, certified by the board to the governor and the legislature, that is  
23 necessary to restore the fund to an amount that is actuarially sound. The board annually, before  
24 January 30, shall make and deliver to the governor and to the legislature a certificate stating the  
25 sum required to restore the fund to an amount that is actuarially sound, and that sum may be  
26 appropriated and paid to the fund during that fiscal year. This subsection does not create a debt  
27 or liability of the state.

28 \* Sec. 6. AS 14.40.809 is amended to read

29 Sec. 14.40.809. POWERS AND DUTIES OF THE UNIVERSITY OF ALASKA. (a)  
30 The Board of Regents of the University of Alaska may contract with a purchaser for the advance  
31 payment of tuition by the purchaser for a [QUALIFIED] beneficiary of any age to attend a

1 branch of the university to which the [QUALIFIED] beneficiary is admitted [, WITHOUT  
2 FURTHER TUITION COST TO THE QUALIFIED BENEFICIARY]. A purchaser and a  
3 [QUALIFIED] beneficiary may be the same person.

4 (b) The board shall

5 (1) make appropriate arrangements as necessary to fulfill the board's obligations  
6 under an advance tuition payment contract;

7 (2) establish and adopt a formal plan for administration of the advance  
8 college tuition payment program and prepaid tuition scholarship program [STANDARD  
9 PAYMENT PLANS TO BE USED UNDER ADVANCE TUITION PAYMENT CONTRACTS];

10 (3) establish investment objectives, criteria and asset allocation guidelines for  
11 the fund based on prudent institutional investor guidelines and actuarial analysis of the  
12 earnings requirements for the advance college tuition payment plan;

13 (4) enter into a reciprocal agreement with Sheldon Jackson College and  
14 Alaska Pacific University; and

15 (5) make the obligation under an advance college tuition payment program  
16 a general obligation of the university [THE CIRCUMSTANCES UNDER WHICH AN  
17 ADVANCE TUITION PAYMENT CONTRACT MAY BE TERMINATED AND THE  
18 AMOUNT OF THE REFUND THE PERSON ENTITLED TO TERMINATE THE CONTRACT  
19 MAY RECEIVE].

20 \* Sec. 7. AS 14.40.811 is amended to read:

21 Sec. 14.40.811. ADVANCE COLLEGE TUITION PAYMENT CONTRACTS. (a) An  
22 advance college tuition payment contract must set out or include by reference to the plan

23 (1) if an installment purchase program is established by the board, the amount  
24 of payments required from the purchaser, [ON BEHALF OF THE QUALIFIED BENEFICIARY;

25 (2)] the terms and conditions for making the payments, and [;

26 (3)] provisions for late payment charges [AND FOR DEFAULT];

27 (2) [(4)] the name and age of the primary and alternate beneficiaries  
28 [QUALIFIED BENEFICIARY] under the contract [AND A STATEMENT THAT THE  
29 PURCHASER, WITH THE APPROVAL OF THE BOARD, MAY SUBSTITUTE ANOTHER  
30 PERSON FOR THE QUALIFIED BENEFICIARY ORIGINALLY NAMED IN THE  
31 CONTRACT];

1                   (3) [(5)] the number of tuition credits [CREDIT HOURS] to be provided to the  
2 primary and alternate beneficiaries [QUALIFIED BENEFICIARY] under the contract;

3                   (4) [(6) THE NAME OF THE PERSONS ENTITLED TO TERMINATE THE  
4 CONTRACT,] the terms and conditions under which the contract may be terminated and refunds  
5 made [, AND THE AMOUNT OF THE REFUND TO WHICH THE PERSON TERMINATING  
6 THE CONTRACT IS ENTITLED];

7                   (5) [(7)] the assumption of a contractual obligation by the board to provide tuition  
8 credits for [CREDIT HOURS OF] higher education to the beneficiary [AT THE  
9 UNIVERSITY];

10                  (6) [(8) THE NUMBER OF CREDIT HOURS THE QUALIFIED BENEFICIARY  
11 MAY RECEIVE IF THE QUALIFIED BENEFICIARY IS NOT ENTITLED TO IN-STATE  
12 TUITION AT THE TIME OF ENROLLMENT AT THE UNIVERSITY;

13                  (9)] the period of time during which the [QUALIFIED] beneficiary may receive  
14 the benefits of the contract; and

15                  (7) [(10)] other terms and conditions the board determines to be appropriate.

16                  (b) An advance college tuition payment contract may be terminated

17                         (1) [IF THE QUALIFIED BENEFICIARY DIES OR BECOMES SO DISABLED  
18 THAT THE BENEFICIARY CANNOT COMPLETE AN EDUCATION;

19                         (2) IF THE QUALIFIED BENEFICIARY IS NOT ADMITTED TO A BRANCH  
20 OF THE UNIVERSITY AFTER MAKING A PROPER APPLICATION;

21                         (3) IF THE QUALIFIED BENEFICIARY CERTIFIES TO THE BOARD, AFTER  
22 THE CONTRACTED DATE OF ENTRANCE TO THE UNIVERSITY OR AFTER THE  
23 QUALIFIED BENEFICIARY HAS RECEIVED A HIGH SCHOOL DIPLOMA OR REACHED  
24 THE AGE OF MAJORITY, THAT THE QUALIFIED BENEFICIARY HAS DECIDED NOT  
25 TO ATTEND THE UNIVERSITY;

26                         (4)] if the board determines that the number of purchasers is insufficient to  
27 maintain the fund on an actuarially sound basis; or

28                         (2) [(5)] under other circumstances determined by the board and set out in the  
29 advance tuition payment contract or in the plan.

30 \* Sec. 8. AS 14.40.817 is amended to read:

31                         Sec. 14.40.817. DEFINITIONS. In AS 14.40.803 - 14.40.817,

1 (1) "advance college tuition payment contract" means a contract entered into by  
2 the board and a purchaser to provide for the higher education of a [QUALIFIED] beneficiary;

3 (2) "beneficiary" means a person who has rights under an advance college  
4 tuition payment contract and who is

5 (A) a resident or who will be a resident before receiving benefits  
6 under an advance college tuition payment contract; or

7 (B) a child or legal ward of a resident or of an alumnus of the  
8 university;

9 (3) "board" means the Board of Regents of the university;

10 (4) [(3)] "fund" means the Alaska advance college tuition payment  
11 [EDUCATION TRUST] fund established under AS 14.40.803;

12 (5) "plan" means the formal plan for administration of an advance college  
13 tuition payment program and prepaid tuition scholarship program adopted by the board  
14 under AS 14.40.809(b);

15 (6) [(4)] "purchaser" means a person who makes or is obligated to make advance  
16 tuition payments under an advance college tuition payment contract;

17 (7) [(5)] "QUALIFIED BENEFICIARY" MEANS A RESIDENT WHO HAS  
18 RIGHTS UNDER AN ADVANCE TUITION PAYMENT CONTRACT;

19 (6)] "university" means the University of Alaska, including a community college  
20 affiliated with the university.

21 \* Sec. 9. This Act takes effect immediately under AS 01.10.070(c).



Official Business

# Alaska State Legislature

Senate

Committee on Finance

Pouch V  
State Capitol  
Juneau, Alaska 99811

*W. J. P. [Signature]*

## MEMORANDUM

**TO:** Sen. Sturgulewski, Chair  
Senate HESS Committee

**SUBJ:** Senate Bill 97-  
Educational  
Trust Fund

**FROM:** Senator Kerttula *[Signature]*

**DATE:** March 14, 1991

I would appreciate it if you would schedule Senate Bill 97, relating to the Educational Trust Fund.

The Educational Trust Fund was created by legislation which I sponsored during the last year's session. Last year's Senate Bill 136 established a guaranteed tuition plan with the University of Alaska funded through contributions by parents and students.

Senate Bill 97 clarifies the broad purposes of the fund to improve access to higher education and to act as an incentive for Alaskans to pursue higher education. Senate Bill 97 also changes existing statute to enhance the fund's tax advantages. The University of Alaska has spent a great deal of time coming up with proposed revisions to last year's Senate Bill 136. These revisions conform to my intent with the original legislation and are contained within Senate Bill 97.

I have attached a copy of the University of Alaska's draft Advance Tuition Payment Plan for your information.